

# **The impact of institutional environment and cultural context in four different approaches to social enterprise**

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## **Abstract**

This article analyzes the characteristics of four different social enterprise schools of thought (social economy, earned-income school in developed countries, earned-income in emerging countries, and social innovation) and the influence of the contextual elements (cultural, political, economic and social) on their configuration.

This article draws on the qualitative discussions of social enterprise in different regions of the world. This paper is intended to contribute to the field of social enterprise by broadening the understanding of the influence of environment and institutions on the emergence of social enterprise.

## **Keywords**

Social enterprise, social entrepreneurship, institutions, context, organizational aspects

## **Introduction**

The interest in social enterprise has grown in many industrialized, emerging and developing economies (Seelos and Mair 2005) in the last years is caused because this type of organization is seen as an alternative economic systems and novel form of capitalism with great market potential (Amin 2009; Hemingway 2005; Hudson 2009; Wilson and Post 2013).

Social enterprise represents an interesting model for different reasons:

- It combines a social goal with a business vision, so it is a way of tackling problems through a self-sustaining principle of generating income.
- It is an organizational form that lies in the boundaries of the private, public and non-profit sectors (Doherty et al., 2014)
- Its definition being wide, it is a flexible tool with high capacity to adaptation to local contexts all over the world.

In this article we deepen in existing research (Kerlin 2010, 2013) about how the context where social enterprise takes place can influence and shape this organizational form.

## **Objective/Methodology**

Guided by the lack of explanations about the role of regional differences and socioeconomic context in social enterprise configuration (Kerlin, 2010), this article's goal is double:

- First, to analyze the characteristics of four different "social enterprise approaches" and to study the influence of the contextual elements (cultural, political, economic and social) on their configuration.
- Second, to explore prevalence of the four approaches in different geographic regions according to these contextual elements.

This article draws on the qualitative discussions of social enterprise that helps to understand the social, political and macro-economic context in different regions of the world.

This communication contains a compared analysis of four approaches of social enterprise that take place in different regions of the world:

- Approach 1: social economy school of thought
- Approach 2a: the earned-income school of thought
- Approach 2b: the earned-income school of thought (emerging countries)
- Approach 3: social innovation school of thought

Approaches 2a and 2b correspond to the "earned-income" school of thought (Deforny and Nyssens, 2012), but they apply to such a different contexts that we have preferred to split this strategy into two different categories, 2a applying to developed countries and 2b related to emerging economies.

The influence of institutional frameworks and contexts in the emergence and establishment of social-oriented organizations is a field that lacks of research (Kerlin, 2013; Doherty et al, 2014). Little attention has been paid to the immediate context of the socially enterprising activity and how that context has shaped the kind of need, purpose, activity, organizational form, legal structure, and process involved in its creation and realization (Kerlin, 2010).

In this sense, this paper is intended to contribute to the field of social enterprise by broadening the understanding of the characteristics of different approaches to social enterprise.

In the discussion part of the article we have identified different regional clusters of countries to analyze the prevalence of social enterprise approaches all over the world. This grouping has taken into account some similar characteristics among countries:

- The European Union cluster, composed by its 28 members.
- Latin American cluster, composed by those countries with Spanish or Portuguese roots.
- North America cluster, composed by the United States of America and Canada.
- Emergent economies of Anglo-saxon tradition in Africa and Asia: mainly India, Bangladesh, Pakistan, Kenya and Tanzania.

### **Different approaches to define social enterprise**

Across most world regions, the idea of revenue generation in the service of charitable activities is not a new concept. However, the contemporary application of the term “social enterprise” to this phenomenon is relatively new (Kerlin, 2010). Different countries and regions use different definitions of social enterprise. The boundaries of the concept are still undefined (Doherty et al., 2014) and no precise definition of social enterprise exists today (Galera and Borzaga, 2009).

Even if different approaches exist, the core principles shared by all definitions are the same (Laville and Nyssens 2001; Mair and Martì 2006; Peredo and McLean 2006; Peattie and Morley 2008; Doherty et al., 2014):

- The adoption of some form of commercial activity to generate revenue (selling products and services).
- The pursuit of social goals, because the rationale and the mission of the organization is of a social nature.
- It is a non-for-profit organization that employs its benefits to achieve the social mission.

In this section we identify the main characteristics of four different “approaches to social enterprise” that take place in different geographic areas around the world. These approaches are not exclusive, but complementary: social economy school of thought, the earned-income school of thought in both developed (2a) and emergent economies (2b) and the social innovation school of thought.

In order to analyze the different “approaches”, some internal elements defining the organization of the social enterprise have been identified. Table 1 contains the list of elements that we will compare in this section, some of them being already proposed by other authors:

*Insert Table 1 here*

Other elements that define how a social enterprise work, like social values that are embedded in the organization, are important but we consider that they are not characteristic of the approach but should be studied case by case.

In the following sections we analyze the four main approaches to social enterprise.

#### *Approach 1: social economy school of thought*

The essence of this approach to social enterprise focuses on the way an organization is governed and what its purpose is rather than on formal nonprofit status (Young and Salamon, 2002).

The definition that better describe this approach is the one provided by the Social Business Initiative, a European program aiming to create a favourable climate for social enterprises, key stakeholders in the social economy and innovation (European Commission, 2011):

*“A social enterprise is an operator in the social economy whose main objective is to have a social impact rather than make a profit for their owners or shareholders. It operates by providing goods and services for the market in an entrepreneurial and innovative fashion and uses its profits primarily to achieve social objectives. It is managed in an open and responsible manner and, in particular, involve employees, consumers and stakeholders affected by its commercial activities”.*

This approach is complemented by the EMES network criteria that “ideal” social enterprises present in three dimensions (Defouny and Nyssens, 2012), as shown in table 2:

*Insert Table 2 here*

The **outcome emphasis**, the aspect where the initiative focus on and the backbone of the initiative, is paid to beneficiaries and the processes that allow the community to participate in control and decision-making.

The **types of activities** that social enterprises can carry out are wide.



Most of them are related to employment of vulnerable collectives. Social enterprises tended to address those particular areas the welfare state had retreated from or had not been able to meet demand (Kerlin, 2010).

The main **support of social enterprises under this approach** are the Public Administration bodies.

#### *Approach 2a: the earned-income school of thought in developed economies*

In this approach, social enterprise discourse is dominated by market-based approaches to income generation and social change (Austin et al. 2006; Dees 1998; Defourny and Nyssens 2010). The essence of social enterprises is finding a strategy that allows the organization to support the social mission.

Under this approach, the Social Enterprise Alliance defined in the late 1990s a social enterprise as "*any earned-income business or strategy undertaken by a non-profit to generate revenue in support of its charitable mission*" (Defourny and Nyssens, 2012).

In this sense, social enterprise includes a wide array of organizations that fall along a continuum:

- From profit-oriented businesses engaged in socially beneficial activities (Austin et al. 2006) or mission-driven business approach (Defourny and Nyssens, 2012),
- To dual-purpose businesses that mediate profit goals with social objectives,
- To commercial nonprofit organizations (Kerlin, 2010; Defourny and Nyssens, 2012).

They differ in how central the social mission is for the organization, and therefore how benefits are handled. The "spectrum" (Dees, 1998) is depicted in figure 1:

*Insert Figure 1 here*

The **outcome emphasis** is the organization itself, the backbone of the model, and building a robust sustainable entity is core to build a successful social enterprise.

The main actors that **support the strategy** of social enterprises are social investors. Their interest can vary in the same spectrum as the goals of the organization.

Sometimes, the investors are corporate companies through CSR programs, committing funds and resources, as well as volunteer workforce.

Hybrid value chains (Budinich, 2005), consisting of mid-term alliances between private sector companies and nonprofit organizations, are the last model of collaboration to tackle societal and exclusion problems.

### Approach 2b: the earned-income school of thought (extreme affordability)

A specific case of social enterprise under the earned-income approach is the one that have emerged in developing countries. In the last decades, we have witnessed the emergence of new models of organizations that craft market-oriented strategies to solve social problems in developing countries. The main difference is the kind of problems that they want to solve. The mechanisms behind the social exclusion processes are completely different in emergent economies. The meaning of poverty and exclusion is different in these context and therefore, the resources, tools and possibilities that social entrepreneurs have to solve them cannot be analysed under the same category.

Social enterprises in this category are often supported by international bodies and interantional aid agencies and are intended to generate opportunities and raise living standards of exlcuded people (Bornstein, 2004). The relationship with the donors in emerging economies is different from the one with investors in developed economies, as more “paternalistic” relationship can be expected in the first case.

Some of these initiatives are launched by local entrepreneurs that want so solve a social problema affecting their community, región or country. In some cases, the leaders have studied abroad (Hartigan and Elkington, 2009).

To a large extent, the concept of social business as promoted by Muhammad Yunus (2010) is paradigmatic of this approach. It is related to the previous earned-income approach in the sense that they rely on market-based mechanisms to tackle social problems.

The **outcome emphasis** in emerging countries is put on both the organization’s sustainaiblity, because it competes in unstable environments, and also on product/service as it should be an impactful and affordable value proposition.

The **types of activities** that social enterprises can carry out are wide, but they are mainly based on providing basic goods and services, such as nutrition, health care assistance, water, sanitation and housing. Depending on the context, those communities can suffer from different types of exlcusion: geographical isolation or economic exclusion that is more common in cities.

**Social innovation** is normally related with the product or service (design and adaptation of the product, price affordability), the distribution channels (new partnerships to cover the “last mile”) and involvement of the community (building local capacity, project tranfer and commitment).

The main actors that **support the strategy** of social enterprises can be categorized in two groups:

- The donors or econmomic supporters are international aid bodies (like the World Bank) or national aid agencies.
- The collaborators on the field are in many cases nonrpofit organizations and local-based organizations that help this social enterprises to access communities.

### Approach 3: social innovation school of thought

The focus of this approach relies on finding an innovative idea supported by a resilient social entrepreneur.

The idea should address the problem in an innovative way, changing the paradigm. Often, the capacity of changing the paradigm implies that the organization is conceived and designed to be scaled up. Many times, entrepreneurs carry out their activities in the non-profit sector, and propose "new combinations" of business elements in at least one of the following fields: new services, new quality of services, new methods of production, new production factors, new forms of organisations or new markets.

Social entrepreneurs, often portrayed today as heroes of the modern times (Bornstein, 2004), are defined as follows (Dees, 1998):

*"Change agents in the social sector that adopt a mission to create and sustain social value, recognising and relentlessly pursuing new opportunities to serve that mission, engaging in a process of continuous innovation, adaptation and learning, acting boldly without being limited by resources currently in hand, and finally exhibiting a heightened sense of accountability to the constituencies served and for the outcomes created"*

The **outcome emphasis** is the entrepreneur, as a changemaker, and on the innovative product and service that solves a societal problem.

**Social innovation** occurs in different fields, normally related with the product or service (design and adaptation of the product, price affordability), the distribution channels (new partnerships to cover the "last mile") and involvement of the community (building local capacity, project transfer and commitment).

The main actors that **support the strategy** of social enterprises are civil society and community members (normally related to the social entrepreneur history) because they help him to address the problem, and formal or informal networks of supporters that can include different actors: other social entrepreneurs, investors, volunteers, entities that provide training and funding, etcétera. These networks help the social entrepreneur to get new resources and innovate in the way he addresses the social issue.

The four approaches analyzed share some common features and some differences caused mainly by specific conditions of the social problem to be tackled and by the environment where the social enterprise operates (we will analyze the influence of this environmental factors in the next section). Table 3 contains the main elements of the four approaches described.

*Insert Table 3 here*



## **How are these approaches influenced by the environment and context?**

From the existing literature on the field, the authors have identified and analyzed different factors that help to explain the influence of context in the emergence and development of social enterprise.

To analyze the context and environment affecting social enterprise, we have followed Kerlin's model (2013), a conceptual framework that helps to explain how institutional processes shape social enterprise models. In this work she identifies several elements that describe the national environment:

- Society's culture and history
- The type of economy or the stage of economic development
- The type of government and the development of institutions.
- The type of civil society sector

The underlying assumption in Kerlin's (2010) framework is that regional and national information not only describes the circumstances that explain the emergence of social enterprise, but also reveal some characteristics of social enterprise approaches in those locations.

Moreover, a given society is more or less strongly associated with the civil society, state capacity, market functioning, and international aid, depending on their strength or weakness in the surrounding environment.

### *History, culture and values*

Based on existing research (Tiessen 1997; Amorós et Bosma, 2013; Kerlin 2013), we can identify some elements of the regional culture are more likely to influence social enterprise:

- The history of a region: the episodes that some regions have witnessed can influence the values of their populations. For example, civil wars or unstable periods, colonization and independence processes, famines or revolutions can have an impact on the conformation of needs of a region.
- The degree of individualism-collectivism: Individualistic societies are composed by people that have a huge sense of freedom to take decisions by themselves (personal autonomy). Collectivist societies are characterized by the sense of belonging to communities and society. Tiessen (1997) identifies how collectivism and individualism each support different key functions of entrepreneurialism. As individualism specifically supports the generation of variety through innovation, collectivism supports the leveraging of resources internally and through external ties. Hofstede's empirical study (2001) shed some light on this aspect.



- Uncertainty avoidance: in risk-averse societies individuals value strategies that limit risk-taking and that imply stability. Normative frameworks and written rules are seen as normal and beneficial to fight uncertainty. In risk-prone societies, the presence of opportunity is consistently high and failure to fail is moderate, so entrepreneurial activity is encouraged (Amorós et Bosma, 2013).
- Esteem of entrepreneurs in society: the social recognition of entrepreneurs and social entrepreneurs is another element that influences the prevalence and probability of these activities. High regard and the attention paid by media to successful entrepreneurs encourages people to overcome entrepreneurial challenges (Amorós et Bosma, 2013).
- Societal values about what is desirable: Albert Cho (2006) states that the “social” in SE should be defined in every context, that is, what social ends are being pursued and therefore the value judgments about what is desirable and valuable for a given society. Sud et al. (2008) state that the process of establishing social ends is entangled in values, and those values may be different in different contexts. According to Suchman (1995), an organizational is socially legitimate when there is a generalized perception or assumption that the actions of an entity are socially desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions.

### Economic context

The stage of economic development of a region is key in shaping the context where social enterprises operate. The Global Competitiveness Report (Sala-i-Martí et al, 2010) outlines 3 types of stages of economic development: factor-driven, efficiency-driven and innovation-driven. Table 4 shows the relation of some GEM economies by geographic region and economic development level from the last report.

*Insert Table 4 here*

The economic context can influence the emergence of social enterprises in many ways (both positive and negative):

- Deficiencies in economic justice and rising inequality increasingly look to social enterprise as a solution to market failure (Austin et al. 2006; VanSandt et al. 2009).
- Different stages of economic activity would mean different needs. For instance, countries in the category of factor-driven or efficiency-driven economies may not cover all the basic needs of their citizens, and therefore the field of activities can focus on goods and service provision. For developed economies, all basic needs are covered, and therefore focus may be put on employment.

- The existence of a developed economy can imply the existence of resources and a robust private sector that can commit resources in solving societal needs. On the contrary, a weak economy might not count with resources from the private sector.

### *The type of government and the development of institutions*

Government typology and public institutions can be a facilitator or, in the worst scenario, constitute a barrier for social enterprise emergence. Some elements that defines the political environment are:

- The political history of the systems in a region and the degree of consolidation of democracy, civil liberties and social and political space.
- The implication of the state in citizen's wellbeing. For example, the existence of a welfare system model where the State takes the responsibility of the protection and promotion of the economic and social well-being of its citizens (Chaves (2008); or a liberal system, where the State has a relatively small, "hands-off" role for the state and well-being of its citizens.
- The variety of social services that the State provides and the role of private sector in providing such services.
- The degree of participation of citizens in public and political life (democracies, authoritarian regimes).
- The openness of public bodies (to what extent they are communicative and supportive to citizen's initiatives).
- The stability of the government and the existence of legal and institutional security.
- The existence of subsidies to nonprofits by the Government and the support to social entities.
- The regulation that determines the presence (and competition) of private sector companies in social services provision.

Public bodies can have an important role towards the development of social enterprise sector and their roles can be different. They can provide visibility and institutional recognition, support and training, economic, human and physical resources, and mechanisms and framework to scale up successful initiatives.

### *Third sector and society*

Nonprofit institutions turn out to be a highly important sector of the society. Not only because they contributes to economy in an important way in some countries in terms of GDP (Salamon 2010), but also because it helps to articulate demands and resources related to societal issues.

The civil sector is a quite broad field and the following entities make part of it (Salamon 2010):

- Informal organizations (organizations that are not registered and/or non-observed or that are staffed entirely by volunteers) as well as formal organizations (those that are registered or otherwise visible to statistical authorities),
- Religious as well as secular organizations
- Member-serving organizations such as professional associations labor unions, and business associations as well as primarily public-serving organizations;
- Organizations with paid staff and those staffed entirely by volunteers;
- Organizations performing essentially expressive functions – such as advocacy– as well as those performing essentially service functions – such as the provision of health, education, or welfare services.

Salamon and Sokolowski (2010) studied the civil society sector structure with a model composed of 5 elements: workforce size, volunteer share, Government support, philanthropic support and expressive share.

According to the different levels of each one of the 5 dimensions, they have identified five different types of civil society sectors: liberal, welfare partnership, social democratic, deferred democratization and traditional (table 5).

*Insert Table 5 here*

The characteristics and degree of development of the civil sector has important implications:

- It defines the amount of civil resources (economic, human and others) available for solving social problems.
- It defines the orientation or ideology that underlies the actions (for example, if there is a strong influence of bodies like the Government or religious entities, like the Church (Salinas and Rubio, 2001; Ruiz-Olabuenaga et al, 2003).
- “Societal maturity”: people assumed a “collective responsibility” that was previously delegated to Government.
- The composition of the third sector reflects the demands of society, and helps to channel new demands as they emerge, like immigration and a new sociodemographic realities.

The civil sector is ideally supported by other agents in every region. Normally this supportive role relies on private sector entities (enterprises, umbrella bodies, foundations, etcetera) and Governments. On one hand, private organizations provide financial support, education, training, research, and consulting services for social enterprise. On the other hand, Governments have an important role in the configuration of the civil sector as they can provide coordination, institutions, politics and legal framework to organize the field. Legislation and institutional framework can put up important barriers to the access and free development of certain activities by social enterprises (Chaves 2008).



## **Discussion: prevalence of the four approaches in different geographic regions?**

In order to meet the second objective of this article, to explore prevalence of the four approaches in different geographic regions of the world, we have identified different regional clusters of countries to analyze the prevalence of these social enterprise approaches.

This grouping has taken into account some similar characteristics among countries and includes:

- The European Union cluster, composed by its 28 members.
- Latin American cluster, composed by those countries with Spanish or Portuguese roots.
- North America cluster, composed by the United States of America and Canada.
- Emergent economies of Anglo-saxon tradition in Africa and Asia: mainly India, Bangladesh, Pakistan, Kenya and Tanzania.

These clusters are not exhaustive, but as an attempt to gather global patterns in the world. Therefore: a) the clusters do not include all the countries that can make part of them, and b) inside the clusters significant differences exist between countries.

Specific country-level institutional factors are needed to partly explain the emergence of social enterprise (Dees 1998; Borzaga and Defourny 2001; Austin et al. 2006; Defourny and Nyssens 2010; Kerlin 2010) because they explain different cultural, social, political, and economic contexts and needs. Some works analyzing social enterprises in different countries already exist (Defourny and Nyssens, 2010; Borzaga and Depedri, 2012; Kerlin 2010, 2013), and further research on this field will be desirable. The country-specific scope surpasses the goals of this article, so we will refer to the four geographic cluster above mentioned.

Due to the global dynamics we witness today, we think that this regional analysis can be useful to characterize global models of social enterprise. It is common to find initiatives that correspond to different approaches in the same geographical region or even in the same city. Globalization leads to the replication of models all around the world and therefore, we find it interesting to identify global trends that help us to better understand social enterprise.

Table 6 contains the compared analysis of the four approaches and the four clusters of countries.

*Insert Table 6 here*

## **Conclusion and further research**

The analysis finds that each one of the approaches is normally prevalent in different regions according to the context and characteristics of the environment:



Different approaches mainly rely to different extents on a society sectors (public sector, market, civil society). As shown in tabe 7, the prevalence of each approach is stronger in the regions where those sectors are stronger (Kerlin, 2010):

*Insert Table 7 here*

That means that social enterprise tends to use the mechanism of its more “powerful” sector (Kerlin, 2010):

- In the United States, in the face of a strong but reluctant state, the social enterprise movement appeared to seize on the strong market.
- In Western Europe, the much stronger state influenced the development of social enterprise by providing funding and strategic development.
- Emerging countries in Africa, Latin America and Asia: social enterprise is associated with international aid. Even if market is, in many cases, weak, international donors might be interested in finding solutions related to market-oriented concept of social enterprise instead of government or donor reliant. Anglo-saxon tradition also points in the same direction.

Figure 2 represents the relative positions of all four approaches in the market, state, civil society and international aid spheres:

*Insert Figure 2 here*

The four approaches to social enterprise analyzed in this article present similarities (the core principles and values: generation of opportunities, social good, etc) but also differences that are related to the difference contexts where they emerge. Regional elements helps to understand some of the characteristics of the social enterprise development in different regions. Social enterprises give response to socioeconomic problems that are embedded in societies, therefore, the influence of socioeconomic conditions and the way a society organizes its institutions are vital to understand them.

The study of cultural, economic, political and social factors is essential to understand the different models of social enterprise that exist in the global context.

There are not “better approaches” to social enterprise, but different strategies motivated by the environment and context where the organizations operate. There are neither “exclusive approaches” but some initiatives present some traits that are characteristic from all four categories. Globalization is a blending process that mix practices all over the world.

Future research in this field can explore a quantitative analysis between environmental context and the characteristics of social enterprise. The identification of indicators that link

both internal and external factor could help to create a better understanding of this organizational model.

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## Tables

**Table 1: Internal elements of social enterprises**

Element	Description	Sources (Author referring to similar elements)
Outcome emphasis	Elements where focus is put on: social benefit, organization, entrepreneur.	Kerlin (2010) - outcome emphasis
Type of activity	Categories where SE work on: social services, access to goods/services, employment, environmental issues, etc.	Kerlin (2010) - program area focus
Social innovation	Existence of a new element (product/service, business model, channel, etc).	-
Financial structure	Percentage of income that relies on commercial activity. Economic sustainability of the organization.	Kerlin (2013) – Reliance on commercial revenue, Policies and subsidies
Profit distribution	Criteria for profit allocation (percentage, priorities, etc).	Defourmy and Nyssens, 2012
SE legal form	Main legal forms that SE use	Kerlin (2010) - common organizational type, legal framework
Support strategy	Main alliances or collaborations that allow SE to capture resources (Civil sector, business, public bodies, other SE...)	Kerlin (2010)- societal sector, strategic development base
Decision making / Control / Property / Management	Criteria for the access to decision making, control and property (participation, democratic principles, autocracy, executive board, etc)	-



**Table 2: EMES criteria for social enterprises**

<b><i>Economic and entrepreneurial dimensions of social enterprises</i></b>
a) A continuous activity producing goods and/or selling services
b) A significant level of economic risk
c) A minimum amount of paid work
<b><i>Social dimensions of social enterprises</i></b>
d) An explicit aim to benefit the community
e) An initiative launched by a group of citizens or civil society organisations
f) A limited profit distribution
<b><i>Participatory governance of social enterprises</i></b>
g) A high degree of autonomy
h) A decision-making power not based on capital ownership
i) A participatory nature, which involves various parties affected by the activity

**Table 3: Internal elements and factors that influence the emergence and development of different models of social enterprise.**

<b>INTERNAL ELEMENTS</b>	<b>Approach 1: The social economy school of thought</b>	<b>Approach 2a: The earned-income school of thought</b>	<b>Approach 2b: The earned-income school of thought (extreme affordability)</b>	<b>Approach 3: The social innovation school of thought</b>
Outcome emphasis	Community Social cohesion	Organization Social cohesion	Entrepreneur Product/service	Organization Product/service
Type of activity	Employment	Employment	Access to basic goods/services	Access to basic goods/services
Social innovation	Not mandatory	Most cases	Yes	Yes
Financial structure	Civil Sector – Public Fiscal, subsidies	Market Social investor, networks	Civil Sector – Public	Market Social investor/Intl Aid
Profit distribution	Reinvested	Reinvested/distributed	Case by case	Case by case
Legal framework: SE legal form	Many (social economy forms)	Many (from business to charities)	Any	Business mainly
Approach/ Support strategy	Public Administrations	Market and philanthropy	Networks of entrepreneurs	Partnerships and International Aid
Decision making / Control / Property / Management	Democratic	Management	Entrepreneur	Entrepreneur
Social culture (case by case)	Decision-making	Mission, social goals	Entrepreneurial vision	Contact with beneficiaries

**Table 4: GEM economies by geographic region and economic development level.**  
**Source: Amorós and Bosma, 2013**

REGION (averages)	Factor-Driven Economies	Efficiency-Driven Economies	Innovation-Driven economies
Latin America		Argentina, Brazil, Barbados, Chile, Colombia, Ecuador, Guatemala, Jamaica, México, Panama, Peru, Suriname, Uruguay	Trinidad and Tobago
Sub- Saharian Africa	Angola, Botswana, Ghana, Malawi, Nigeria, Uganda, Zambia	Namibia, South Africa	
Asia Pacific and South Asia	India, Philippines, Vietnam	China, Indonesia, Malaysia, Thailand	Japan, Korea, Singapore, Taiwan
Europe 28		Croatia, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia	Belgium, Czech Republic, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Slovenia, Spain, Sweden, United Kingdom
North America			United States, Canada

**Table 5: Types of civil society. Source: Salamon and Sokolowski, 2010**

Model	Workforce size	Volunteer share	Government support	Philanthropic support	Expressive share
Liberal	Large	Medium-high	Medium-small	Medium-high	Smaller than service
Welfare partnership	Large	Low-medium	High	Low	
Social democratic	Large	High	Medium	Medium	Larger than service
Deferred Democratization	Small	Low	Low		Limited advocacy
Traditional	Small	Medium-High	Low		Medium



**Table 6: Elements and factors that influence the emergence and development of different models of social enterprise**

<b>EXTERNAL ELEMENTS</b>	<b>Approach 1: The social economy school of thought</b>	<b>Approach 2a: The earned-income school of thought (developed)</b>	<b>Approach 2b: The earned-income school of thought (emerging)</b>	<b>Approach 3: The social innovation school of thought</b>
<b>History and culture</b>	<ul style="list-style-type: none"> <li>- Western Europe is characterized by a dominant communitarian ideology: the ancient Greece tradition (origin of democracy) and Christian church (representing the moral unity)</li> </ul>	<ul style="list-style-type: none"> <li>- Rooted in the Protestant Reformation, that provided impetus for the acceptability of a more individualistic ideology (Sud et al, 2008).</li> <li>- Risk prone</li> </ul>	<ul style="list-style-type: none"> <li>- Communitarian</li> <li>- Complex societal structures (different from country to country): highly hierarchical (mainly in Africa)</li> <li>- Strong blood links</li> <li>- Risk prone societies</li> <li>- Good entrepreneurial attitudes</li> </ul>	<ul style="list-style-type: none"> <li>- Individual</li> </ul>
<b>Type of economy</b>	<ul style="list-style-type: none"> <li>- Innovation/efficiency-driven orientates activities towards employment.</li> <li>- Fall in economic growth and increased unemployment at the end of the 1970s oriented activities towards opportunity generation.</li> <li>- Big amount of subsidies from Governments.</li> </ul>	<ul style="list-style-type: none"> <li>- Innovation-driven</li> <li>- Tradition of big corporations, more focused on enterprise strategy</li> <li>- Origin in the US: cuts in funds supporting nonprofits (1970s): commercial revenue generation</li> <li>- Countries among the most competitive economies worldwide: the activities focused on employment</li> <li>- Wider variety of activities</li> </ul>	<ul style="list-style-type: none"> <li>- Factor-driven and efficiency-driven countries: activities oriented to goods and services provision</li> <li>- Social innovation focused on affordability and new distribution channels</li> </ul>	<ul style="list-style-type: none"> <li>- Factor/efficiency/innovation-driven</li> <li>- Medium-weak strength of economy: entrepreneurial abilities of the entrepreneurs to make them economically sustainable and impactful</li> </ul>
<b>Political and institutional</b>	<ul style="list-style-type: none"> <li>- Stable institutional</li> </ul>	<ul style="list-style-type: none"> <li>- Liberal states</li> </ul>	<ul style="list-style-type: none"> <li>- In general weak political</li> </ul>	<ul style="list-style-type: none"> <li>- Nonexistent or instable</li> </ul>

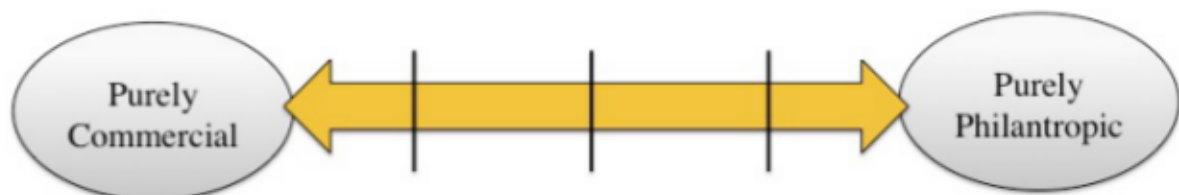
<b>environment</b>	<p>environment (European Commission)</p> <ul style="list-style-type: none"> <li>- 28 countries with different realities, therefore flexibility.</li> <li>- Broad development of legal frameworks.</li> <li>- Welfare states: social enterprises provide human services for which the welfare state was no longer directly responsible.</li> </ul>	<ul style="list-style-type: none"> <li>- Stable institutional environment</li> <li>- Anglo-Saxon political and legal tradition. The country is characterized by a relatively small, "hands-off" role for the state</li> <li>- "Less paternalistic" systems: social enterprises cannot rely as much as European organizations in Government support.</li> </ul>	<p>and bodies and institutions</p> <ul style="list-style-type: none"> <li>- Institutional framework (case by case)</li> <li>- Nonexistent or instable: the influences are seen in the prevalence of market-oriented solutions (foreign NGOs excluded).</li> <li>- Insufficient legal framework. Lack of specific legal forms</li> </ul>	institutional environment
<b>Type of third sector and civil society</b>	<ul style="list-style-type: none"> <li>- Big civil sector</li> <li>- Big amounts of resources: donors and human resources</li> <li>- Big diversity of organizations</li> </ul>	<ul style="list-style-type: none"> <li>- Big civil sector</li> <li>- Big amounts of resources: donors and human resources</li> <li>- Big diversity of organizations</li> </ul>	<ul style="list-style-type: none"> <li>- Traditional civil sector</li> <li>- Small national sector</li> <li>- External support from foreign NGO and bodies (International aid agencies).</li> <li>- Communities are key to access beneficiaries</li> </ul>	- Programs and methodologies to train and support social entrepreneurs have developed in the last 20 years
<b>Region of prevalence</b>	It emerged developed in Europe. Also present in Canada (French influence) and Latin American (Spanish and Portuguese influence).	Anglo-saxon countries (mainly the United States, the United Kingdom, Australia and Canada)	Emergent economies of Anglo-saxon tradition (Asia, Africa)	<p>All over the world</p> <p>(Importance in the US (origin of the movement)</p> <p>Latin America (network and institutions promoting social entrepreneurship)</p>

**Table 7: Reliance on societal sectors of different approaches**

Approach	Reliance on societal sector	Regions of prevalence
Approach 1	Civil society and state intervention	Europe
Approach 2a	Market and civil society	Anglosaxon countries
Approach 2b	Market, international aid and civil society	Emerging countries with Anglo-saxon tradition
Approach 3	Civil society	All over the world (US and Latin America)

## Figures

**Figure 1: The Social Enterprise Spectrum. Source: Dees, 1998**



**Figure 2: Representation of social enterprise for the four approaches with regard to market, state, civil society, and international aid. Source: adapted from Kerlin, 2010.**

